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Talking Points on Farm Bill Letter to Senator Helms

- When written, the 1981 Farm Bill was expected to cost less than $10 billion, but CCC outlays for FY 82-85 alone have totaled a record $53 billion.

  --Agriculture has the responsibility to do its part with regard to deficit reduction.

  --After all, reducing the deficit will mean more to agriculture in terms of decreased interest costs and expanded exports (as the value of the dollar declines) than all the benefits from commodity programs combined in the long term.

- The budget ceiling of $50 billion for FY 86-88 proposed by USDA and OMB is more than $15 billion above the budget mark, but still would save about $5 billion compared with the Senate and House bills or an extension of current law.

  --This $50 billion reflects an upward revision of the $34.8 billion provided for in the Budget Resolution to reflect the large stocks which have developed due to the 1985 growing season.

  --The $50 billion guidelines would provide a record $16.7 billion per year compared with average 1970's outlays of $2-4 billion.

- A 1-year freeze in income supports with a 5-percent reduction each year thereafter would go a long way toward meeting the $50 billion budget guidelines. This would save nearly $3 billion over the FY 86-88 period and $22 billion over the FY 86-91 period.

- Government programs only directly benefit about 20 percent of agriculture. Large producers receive a disproportionate share of program benefits. For instance, the 12 percent of the largest farms (annual sales of over $100,000) received about two-thirds of Government payments in 1984.

- Less than half the producers facing financial stress participated in any commodity program in 1984 and only 17 cents out of each dollar of direct Government payments in 1984 went to those producers who were financially stressed and who relied on farming for their livelihood.

- A 50-cent reduction in the dairy support in FY 86 could save $600 million over FY 86-88, while sending the proper signal to producers to produce less. Milk production is expected to total a record 148 billion pounds for 1985/86 with CCC net removals projected to be 16.5 billion pounds--over 11 percent of total production.

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- A dairy assessment used to fund a dairy diversion program penalizes producers in areas of low participation to the benefit of producers in areas of higher participation. The diversion program forces more beef onto the market to the detriment of all livestock producers.

- Elimination of the wheat target option program, the tiering program, and the referendum for a mandatory program would lead to a less costly and complicated program. Elimination of the target option and tiering provisions would save about $500 million over the FY 86-88 period and simplify program decisions and compliance procedures.

- Elimination of the sugar, rice, sunflower, and soybean provisions which modify the existing 1985 programs, is essential. Farmers, processors and others made production and marketing decisions based on programs announced more than a year ago. It is unjust for Government to make mid-stream changes which result in large losses for some and windfalls for others.

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